



Monterey County

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Board Report

Legistar File Number: A 15-103

June 09, 2015

Introduced: 5/7/2015

Current Status: Agenda Ready

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Matter Type: BoS Agreement

- a. Ratify execution by the Interim Chief Executive Officer ("CEO") of Natividad Medical Center ("NMC") of a Letter of Interest, dated April 21, 2015 to the California Department of Health Care Services ("State DHCS"), confirming the interest of the County of Monterey d/b/a NMC ("County") in working with State DHCS and the Monterey-Santa Cruz-Merced Managed Medical Care Commission d/b/a Central California Alliance for Health ("CCAH"), to provide a Medi-Cal managed care rate range Intergovernmental Transfer of Public Funds ("IGT") to be used as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to the CCAH for the period of July 1, 2013 to June 30, 2014; and
- b. Authorize the Interim CEO of NMC to execute the IGT Agreement between the County and the State DHCS, the source of which shall be funds from NMC and not the County's General Fund, pursuant to Sections 14164 and 14168.7 of the Welfare & Institutions Code, to be used as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to the CCAH, and associated IGT fee assessment for a total amount not to exceed \$4,320,000 for healthcare services rendered in Fiscal Year 2013-14 and transfer to occur in Fiscal Year 2014-15 or FY15-16; and
- c. Authorize the Deputy Purchasing Agent for NMC to execute the following agreements and amendments associated with the supplemental Medi-Cal managed care capitation rate payment for services rendered in Fiscal Year 2013-14. The items 3 and 4 referred in this board report are pending further discussion with CCAH and are not included at this time.
 1. Intergovernmental Transfer Assessment Fee Agreement between County and State DHCS; and
 2. Nineteenth Amendment to Health Plan - Provider Agreement; Primary Hospital and Outpatient Laboratory Services Agreement between County and the CCAH; and
 3. Fifth Amendment to Primary Care Physician Services Agreement between County and the CCAH to be drafted in substantially similar form as the Nineteenth Amendment to Health Plan - Provider Agreement; Primary Hospital and Outpatient Laboratory Services Agreement described in item 2, subject to review and approval of County Counsel; and
 4. Fifth Amendment to Referral Physician Services Agreement between County and the CCAH to be drafted in substantially similar form as the Nineteenth Amendment to Health Plan - Provider Agreement; Primary Hospital and Outpatient Laboratory Services Agreement described in item 2, subject to review and approval of County Counsel.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Ratify execution by the Interim Chief Executive Officer (“CEO”) of Natividad Medical Center (“NMC”) of a Letter of Interest, dated April 21, 2015 to the California Department of Health Care Services (“State DHCS”), confirming the interest of the County of Monterey d/b/a NMC (“County”) in working with State DHCS and the Monterey-Santa Cruz-Merced Managed Medical Care Commission d/b/a Central California Alliance for Health (“CAAH”), to provide a Medi-Cal managed care rate range Intergovernmental Transfer of Public Funds (“IGT”) to be used as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to the CCAH for the period of July 1, 2013 to June 30, 2014; and
- b. Authorize the Interim CEO of NMC to execute the IGT Agreement between the County and the State DHCS, the source of which shall be funds from NMC and not the County’s General Fund, pursuant to Sections 14164 and 14168.7 of the Welfare & Institutions Code, to be used as the nonfederal share of supplemental Medi-Cal managed care capitation rate payments to the CCAH, and associated IGT fee assessment for a total amount not to exceed \$4,320,000 for healthcare services rendered in Fiscal Year 2013-14 and transfer to occur in Fiscal Year 2014-15 or FY15-16; and
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SUMMARY/DISCUSSION:

DHCS administers the Medi-Cal program, under which health care services are provided to qualified low-income persons. CCAH, or the Plan, is a County Organized Health System, formed pursuant to Welfare and Institutions Code section 14087.54 and Monterey County Code section 2.45.010. CCAH is authorized by the State of California and Monterey County as the

Medi-Cal managed care plan for Monterey County.

CCAH entered into a contract with the State DHCS to arrange and pay for the provision of covered health care items and services to Medi-Cal eligible beneficiaries residing in Monterey, Santa Cruz, and Merced Counties. CCAH has existing agreements with NMC to provide clinical and other medical care services covered by Medi-Cal to enrollees of the Plan.

An IGT is an elective transfer of eligible local dollars to the State DHCS in support of the Medi-Cal program, which is authorized in accordance with Section 14164 and other provisions of the Welfare and Institutions Code. If the State accepts the transfer, the State shall obtain Federal Financial Participation (“FFP”) to the full extent permitted by federal law. In the past, NMC has provided IGTs to DHCS on the condition that the funds are used in support of the Medi-Cal managed care program, through increased payments to NMC made by the local County Organized Health System, which, in Monterey County, is the CCAH/the Plan. The opportunity to participate in an IGT allows for the use of local dollars for increased payments to public providers such as NMC to preserve and strengthen the availability and quality of services provided by such providers.

In order to participate in the voluntary IGT program relating to the Medi-Cal managed care capitation rate ranges for the 2013-14 rate year, State DHCS requested that public hospitals in California submit signed copies of the three agreements (Health Plan - Provider Agreement, IGT Transfer Assessment Fee, and IGT Agreement). The actual dates of submissions for these agreements are not yet known and executing the agreements with the State would permit the County to participate in this voluntary IGT program and to complete the agreements within the short time period often required by the State.

There is a 20% assessment fee from the State to the County in doing this transaction and is applied to the gross estimated IGT.

The Board could choose not to participate, in which case NMC and the County would be precluded from participating in the IGT program for Fiscal Year 2013-14 services.

OTHER AGENCY INVOLVMENT:

The County Counsel has reviewed and approved these Agreements as to legal form and risk provisions. The Auditor-Controller has reviewed and approved these Agreements as to fiscal provisions. This IGT request will be on the agenda of the NMC Finance Committee at their next meeting on 5/28/15 and on the agenda of the NMC Board of Trustees at their next meeting on 6/5/15. At the time this Board Report was prepared it is likely that both of these approval dates will be after the Board of Supervisors’ review and anticipated approval for the IGT because the State of California has a provided healthcare facilities a very narrow timeline to complete and submit the required documents to participate.

FINANCING:

The expected IGT transfer will be financed by NMC. There is no impact to the General Fund.

Prepared by: Daniel Leon, Chief Financial Officer 783-2561

Approved by: Gary R. Gray, DO, Interim Chief Executive Officer, 783-2504

Attachments:

Letter of Interest to DCHS

2013-14 20 Percent IGT Assessment Agreement

2013-14 Rate Range Intergovernmental Agreement template

19th Amendment to Health Plan Provider Agreement

Attachments on file with the Clerk of the Board



Gary Gray DO, Interim Chief Executive Officer



Date